REMARKS

The Office action dated July 15, 2003 has been received and carefully noted. The preceding amendments and the following remarks are submitted as a full and complete response thereto. Claims 1-4, 6-7, 9, 13-14 and 18 have been amended. Claim 17 has been cancelled. New claims 20-21 have been added. Support for the amendments can be found at page 5, lines 8-17, page 6, line 27 to page 7, line 1, and page 10, line 24 to page 11, line 4. No new matter has been added. Accordingly, entry of this amendment is proper, and claims 1-16 and 18-21 will be pending in this application upon entry of this amendment, and are respectfully submitted for consideration.

The Applicants' representative would like to thank the Examiner for taking the time to discuss the application and the outstanding Office action on the telephone. This amendment is made in view of those discussions.

As a preliminary matter, the Applicants request that the finality of the outstanding rejections be withdrawn because the finality is premature. In particular, the present rejections were not necessitated by the Applicants' most recent amendments. The rejection was issued in view of new prior art because the Applicants, in their previous response, pointed out that the secondary reference Varma was not available as prior art and was improperly cited. The Applicants did not make any amendments that raised additional issues that should have necessitated reliance on additional prior art. The sole reason for the new rejection is the removal of Varma. Thus, the finality of the current rejections is premature and should be withdrawn.

Claims 1-19 were rejected under 35 U.S.C. § 112, second paragraph, as being indefinite. In particular, it was asserted in the Office Action that the claims are overly broad. Applicants respectfully traverse the rejection and submit that the rejection is improper.

Section 2173.04 of the MPEP explains that overbreadth is not a basis for an indefiniteness rejection. "Breadth is not to be equated with indefiniteness...Undue breadth may be addressed under different statutory provisions." The Office action rejects the claims as being indefinite for undue breadth, and thus, the rejection is improper. Accordingly, Applicants request that this ground of rejection be withdrawn.

Claims 1-19 were rejected under 35 U.S.C. § 103(a) as being unpatentable over U.S. Patent No. 6,505,174 to Keiser et al. (hereinafter, "Keiser") in view of U.S. Patent No. 6,560,580 to Fraser and further in view of U.S. Patent No. 6,285,989 to Shoham. Applicants respectfully traverse the rejection and submit that claims 1-19 recite subject matter not shown or suggested by the combination of cited prior art.

Claim 1 (upon which claim 13 depends) defines a system for executing trades of securities according to predefined trading strategies. The system includes a plurality of servers connected to a plurality of clients over a communication network. Each server is programmed with a specific trading strategy algorithm and is configured to receive a request for trading a number of shares of a security and execute trade orders according to the specific trading strategy algorithm. The specific trading strategy algorithm receives a request for trading a number of shares of a particular security and generates one or more executable trade orders for carrying out the request. The executable trade

orders (e.g., limit orders) are generated according to a specified trading strategy. Each client is configured to generate a request for trading a number of shares of a security and transmit the request over said communication network to a selected server of the plurality that corresponds to the selected trading strategy.

Claim 2 (upon which claims 3-12 and 14-16 depend) defines a method for executing an executable trade order for a security. The method includes a step of providing a server connected to a communication network. The server is programmed with a specific trading strategy algorithm, which receives a non-executable request for trading a number of shares of a particular security, and generates one or more executable trade orders for carrying out the request. The one or more executable trade orders are generated according to a trading strategy (e.g., VWAP, SPI, etc.). At the server, the request for trading a number of shares of a particular security is received over a network from a customer. One or more executable trade orders for carrying out the request are generated according to actions determined by the specific trading strategy algorithm. The one or more executable trade orders are executed in a trade forum (e.g., NYSE, POSIT, ECNs, etc.) according to actions determined by the specific trading strategy algorithm.

According to the claimed invention, a number of trading strategy algorithms are provided, which can be used to carry out a request for trading a number of shares according to a desired trading strategy. The following example is provided to illustrate an embodiment of the claimed invention. A customer may make a request for buying a number of shares of IBM stock, say 5000, within 20 minutes time. The Short-term Price

Improvement (SPI) strategy is ideal for performing this request. Note that the customer

order is not a readily executable trade order, such as a market order or a limit order. A

server of the plurality of servers can be programmed with a specific trading algorithm

that is capable of generating a number of executable trade orders to carry out such a

request according to the SPI strategy. An exemplary algorithm is described in detail

from pages 10-19. According to the invention, the request - buy 5000 shares of IBM in

20 minutes - is received at a server programmed with a SPI algorithm, which can

monitor various market factors from various trade forums and generate the appropriate

trade orders to carry out the request. The trade orders could be, for example, limit

orders that are executed in a trade forum, such as the New York Stock Exchange

(NYSE). As described in the specification, the trade orders may be executed in a

number of trade forums or may be internally traded (e.g., claim 14).

As a result, the invention provides a significant advantage over the prior art

where strategies are executed manually by human traders. Therefore, much more

complex trades can be executed and a larger number of complex trades can be

executed than before. Another example of trading strategy algorithm, volume weighted

average price (VWAP), is described at page 6 of the present specification.

Applicants point out that many of the dependent claims defines specific actions

determined by specific trading strategy algorithms. For example, claim 3 defines

VWAP type steps, claim 7 recites that the executable trade orders are limit orders.

Applicants submit that none of the cited prior art describes or suggests receiving

a request from a customer for trading a number of shares of a security and

implementing that request by executing trade orders according to a specific trading

strategy algorithm, as defined by the claimed invention.

Keiser is directed to a system for creating and maintaining a virtual financial

market. The system includes a number of functions designed to reduce the volatility of

the market, such as an instrument pricing system and an instrument price control

system. Keiser discloses a system for trading securities, wherein the traders enter

market orders, i.e., executable orders to buy or sell certain quantities of securities at the

prevailing market prices. Keiser includes a virtual specialist program that determines

the price of a security based on supply and demand, but which does not receive a

request for a number of shares from a customer and generate and execute trade orders

according to a specific trading strategy, as set forth in claims 1 and 2 of the present

invention. See col. 9, II. 14-34; col. 11, II. 20-39; and col. 15, II. 25-51.

The Examiner argues that Keiser's virtual specialist could be considered to

perform trading strategies. However, the virtual specialist is more like a trading forum

than the present invention. It does not receive non-executable requests from customers

and implement those requests according to a trading strategy. It merely monitors

outstanding trade orders (market orders, limit orders, etc.), matches trades, and

generates new trades to control the market price of certain security in the forum. See

generally, Summary of the Invention, and col. 9, II. 39-40; col. 9, line 65-col. 10, line 14;

col. 10, II. 30-37; and col. 11, line 20 - col. 14, line 2. Keiser fails to show or suggest

the implementation of trading strategy algorithms to execute trades according to a

trading strategy, as defined by the present invention, and certainly does not describe a

plurality of servers as defined by claim 1 of the present invention.

None of the secondary references makes up for the basic deficiencies of Keiser. Shoham merely teaches an online-auction system and details regarding the market itself. Shoham does not teach the implementation of customer requests by generating executable trade orders according to a trading strategy algorithm. Fraser is also concerned with an auction system. Fraser teaches aspects of monitoring and controlling an auction forum itself, and does not teach the implementation of customer requests by generating executable trade orders according to a trading strategy algorithm. Thus, Applicants submit that the combination of cited prior art fails to show or suggest each and every element of claims 1-16 and 18-21. Therefore, Applicants request that the rejection be withdrawn and claims 1-16 and 18-21 be allowed.

In view of the above remarks, Applicants respectfully submit that each of claims 1-16 and 18-21 recite subject mater which is neither disclosed nor suggested in the cited prior art and are in condition for allowance. Applicants therefore request that each of claims 1-16 and 18-21 be found allowable, and this application passed to issue.

If for any reason the Examiner determines that the application is not now in condition for allowance, it is respectfully requested that the Examiner contact the Applicant's undersigned attorney at the indicated telephone number to arrange for an interview to expedite the disposition of this application.

Applicant respectfully petitions for an appropriate extension of time. Any fees for such an extension together with any additional fees may be charged to Counsel's Deposit Account No. 02-2135.

Respectfully submitted,

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